

AMENDED IN SENATE MAY 24, 2001

AMENDED IN SENATE APRIL 5, 2001

SENATE BILL

No. 1172

Introduced by Senator Kuehl

February 23, 2001

An act to add Section 9601.6 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1172, as amended, Kuehl. Municipally owned electric utilities.

(1) Under existing law, a municipality or municipal corporation may operate as a public utility to supply its own electric service. Existing law also authorizes a municipality to sell, lease, or distribute surplus power outside of its corporate limits.

This bill, on or before July 1, 2002, would authorize any retail customer or local agency that owns or occupies a contiguous property located within more than one service area, one of which includes the service area of the Los Angeles Department of Water and Power, *that takes electrical service from that department and another electrical service provider*, to take electrical service for the entire property from a single electrical service provider, as authorized by the department.

The bill would authorize the Public Utilities Commission to limit the right of a retail customer or local agency that purchases power from an electrical corporation to purchase power from the Los Angeles Department of Water and Power to ensure satisfaction of any power purchase obligation or bond obligation incurred by the Department of Water Resources to procure power to serve that customer; except that the bill would authorize that customer to elect service from the Los Angeles

Department of Water and Power at any time upon payment to the Department of Water Resources of any uncollected amounts equivalent to that department's net unavoidable cost of power procurement.

(2) The bill would declare that, due to unique circumstances surrounding the provision of power by the Los Angeles Department of Water and Power, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~—yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~Section~~

2 ~~SECTION 1.~~ *Section 9601.6 is added to the Public Utilities*
3 *Code, to read:*

4 9601.6. (a) On or before July 1, 2002, any retail customer or
5 local agency that owns or occupies a contiguous property located
6 within more than one service area, one of which includes the
7 service area of the Los Angeles Department of Water and Power,
8 *that takes electrical service from that department and another*
9 *electrical service provider;* may take electrical service for the
10 entire property from a single electrical service provider, as
11 authorized by the Los Angeles Department of Water and Power.
12 The right of the retail customer or local agency to take electrical
13 service from such an electrical service provider is not subject to
14 Section 9601 or 9602. This section modifies or abrogates Section
15 9602 only to the extent that the retail customer or local agency
16 elects to obtain electrical service from a local publicly owned
17 electric utility or an electrical corporation.

18 (b) This section does not authorize the Los Angeles
19 Department of Water and Power to enter into a direct transaction
20 contract with the customers described in subdivision (a), if the
21 total amount of electricity contracts exceeds 50 megawatts per day.

22 (c) *The commission may limit the right of a retail customer or*
23 *local agency described in subdivision (a) that purchases power*
24 *from an electrical corporation to purchase power from the Los*
25 *Angeles Department of Water and Power pursuant to this section,*
26 *but only to the extent the commission determines is necessary to*
27 *ensure satisfaction of any power purchase obligation or bond*

1 obligation incurred by the Department of Water Resources
2 pursuant to Division 27 (commencing with Section 80000) of the
3 Water Code to procure power to serve that retail customer or local
4 agency.

5 (d) Notwithstanding subdivision (c), a retail customer or local
6 agency described in subdivision (a) may elect service from the Los
7 Angeles Department of Water and Power at any time pursuant to
8 this section, upon payment to the Department of Water Resources
9 of any uncollected amounts equivalent to that department's net
10 unavoidable cost of power procurement, including any financing
11 costs, attributable to that customer or local agency, as determined
12 by that department. The Department of Water Resources' net
13 unavoidable cost shall be calculated as the difference, if any,
14 between that department's total actual procurement costs and the
15 rates collected by that department from the customer or local
16 agency during the term of service. Any amounts due pursuant to
17 this section for the purchase of power may be payable in
18 installments over a term coincident with the term of bonds issued
19 to finance the purchase of that power.

20 (e) As used in this section, "electrical corporation" means an
21 electrical corporation, as defined in Section 218, serving the
22 customers for which the Department of Water Resources is
23 procuring power pursuant to Division 27 (commencing with
24 Section 80000) of the Water Code.

25 SEC. 2. The Legislature finds and declares that, due to unique
26 circumstances surrounding the provision of power by the Los
27 Angeles Department of Water and Power, a general statute cannot
28 be made applicable within the meaning of Section 16 of Article IV
29 of the California Constitution, and the enactment of a special
30 statute is therefore necessary.